

Message Text

UNCLASSIFIED

PAGE 01 PORT A 01675 281454Z

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ACTION ARA-20

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USIA-15 AID-20 COME-00 EB-11 FRB-03 TRSE-00 XMB-07

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SUBJECT: PRESIDENT FORWARDS BUDGET PROPOSAL TO LEGISLATURE

REF: EMBASSY'S A-159, NOVEMBER 30, 1973

1. SUMMARY. IN ANNUAL BUDGET MESSAGE TO LEGISLATURE, PRESIDENT HIGHLIGHTED ECONOMIC ACHIEVEMENTS OF PAST YEAR, PROVIDING SOME STATISTICS ON ECONOMIC GROWTH, AND CALLED FOR AN INCREASE OF 17 PERCENT IN OPERATIONS BUDGET AND 52 PERCENT IN DEVELOPMENT BUDGET. LATTER INCREASE RELIES ON 70 PERCENT INCREASE IN CONTRIBUTIONS FROM INTERNATIONAL AND BILATERAL DONORS AND A 22.3 PERCENT INCREASE IN HAITIAN CONTRIBUTION. END SUMMARY.

2. ON NIGHT OF AUG 21 PRESIDENT PRESENTED ANNUAL BUDGET MESSAGE TO LEGISLATURE, OUTLINING EXPECTED REVENUES AND EXPENDITURES FOR HAITIAN FISCAL YEAR (OCT. 1, 1974 THROUGH SEPT. 30, 1975) FOR BOTH GOVERNMENTAL OPERATIONS AND DEVELOPMENT BUDGETS. ENACTMENT OF BUDGET IS FINAL CHORE FOR LEGISLATURE BEFORE ITS ADJOURNMENT. MESSAGE ALSO PROVIDED VEHICLE FOR COMMENTS ON ECONOMIC GROWTH, ACHIEVEMENTS, AND PROBLEMS THROUGHOUT THE YEAR.

UNCLASSIFIED

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PAGE 02 PORT A 01675 281454Z

3. IN DISCUSSING ECONOMIC GROWTH, PRESIDENT CALLED ATTENTION

TO INCREASED FOREIGN INVESTMENTS, PARTICULARLY IN TRANSFORMATION INDUSTRY, AND THE ESTABLISHMENT OF NEW BANKS, BOTH FOREIGN AND DOMESTIC, CREDITING HIS POLICY OF OPENING DOORS TO OUTSIDE WORLD. HE NOTED THAT IN 1973 PER CAPITA INCOME IN CONSTANT TERMS HAD INCREASED ONLY 4 PERCENT, COMPARED TO 7 PERCENT IN THE PREVIOUS YEAR, BECAUSE OF A 2 PERCENT DROP IN AGRICULTURAL PRODUCTION OWING TO DETERIORATION OF IRRIGATION SYSTEMS. HE HIGHLIGHTED GROWTH IN CONSTRUCTION (30 PERCENT IN 1973 COMPARED TO 18 PERCENT IN 1972) AND IN TELECOMMUNICATIONS (11 PERCENT COMPARED TO 4 PERCENT). IN LATTER CASE HE SPECIFICALLY NOTED INVESTMENTS OF TELECO IN THE 6000 NEW LINES FOR PORT AU PRINCE, THE INITIATION OF A PROGRAM TO ESTABLISH AN INTERNAL TELEPHONE NETWORK, THE TEMPORARY EARTH STATION AND A PERMANENT GROUND STATION WHICH HE CALLED THE "FIRST STEP IN THE ESTABLISHMENT OF NATIONAL OFFICE OF RADIO TELEVISION FOR THE BETTER DIFFUSION OF CULTURE." HE CITED INFLATION AS ONE OF THE COUNTRY'S SERIOUS PROBLEMS IN THE YEAR, BUT ITEMIZED ACTIONS TAKEN BY GOH TO RESTRAIN INCREASES IN COST OF LIVING (REDUCTION OF TAXES ON FLOUR AND SOY BEAN OIL, PRICE CONTROLS, AND PUBLICITY POLICY).

4. PROJECTED OPERATIONS BUDGET FOR 1974/75 FISCAL YEAR TOTALS 194.6 MILLION GOURDES (US \$38.92 MILLION), A 17 PERCENT INCREASE OVER THE 166.4 MILLION GOURDES (US \$33.28 MILLION) PROJECTED FOR 1973/74 FISCAL YEAR. FUNDS FOR OPERATION OF MINISTRIES ARE INCREASED FROM 139.0 MILLION GOURDES PROJECTED LAST YEAR (WHICH WAS RAISED TO 150.8 MILLION GOURDES DURING THE COURSE OF THE YEAR) TO A TOTAL OF 163.9 MILLION GOURDES FOR THE 1974/75 PERIOD. TOTAL FOR SPECIALIZED SERVICES AND PUBLIC DEBT IS ESTIMATED AT 30.7 MILLION GOURDES. PARTIAL BREAKDOWN OF TOTAL INCREASE OF 28.2 MILLION GOURDES IS REPORTED AS FOLLOWS: INTERIOR AND NATIONAL DEFENSE - 9.7 MILLION; HEALTH - 3.0 MILLION; EDUCATION - 2.6 MILLION; FOREIGN AFFAIRS - 2.2 MILLION; OTHER MINISTRIES - 7.3 MILLION; SPECIALIZED SERVICES AND PUBLIC DEBT - 3.4 MILLION. THE OVERALL INCREASE OF 17 PERCENT IS CONSIDERABLY HIGHER THAN THE 6.2 PERCENT INCREASE IN 1973 AND THE 5 PERCENT INCREASE IN 1972, AND IS BASED TO A LARGE EXTENT ON INCREASED SALARIES, I.E., NEW MINIMUM WAGE ESTABLISHED IN JANUARY AND

SUBSEQUENT ADJUSTMENTS IN OTHER SALARIES, AS WELL AS ON THE REVOCATION OF THE LAW REQUIRING RETENTION OF A PERCENTAGE OF CIVIL UNCLASSIFIED

UNCLASSIFIED

PAGE 03 PORT A 01675 281454Z

SERVICE SALARIES. REVENUES ARE EXPECTED TO RISE BY THE SAME AMOUNT (HAITIAN BUDGETS ARE REQUIRED BY LAW TO BALANCE).

5. IN DISCUSSING DEVELOPMENT BUDGET, PRESIDENT'S REPORT CITED HIS DETERMINATION TO WIN ECONOMIC BATTLE AND THE SUCCESS OF HIS GOVERNMENT IN GAINING THE CONFIDENCE OF INTERNATIONAL ORGANIZATIONS. HE STRESSED THE IMPORTANCE OF INFRASTRUCTURE PROJECTS DURING FORTHCOMING YEAR AND CITED VARIOUS PROJECTS TO BE UNDERTAKEN, LISTING

SOME OF THE INTERNATIONAL LOANS (I.E., IDB, IBRD AND USAID, AMONG OTHERS). DEVELOPMENT BUDGET IS PROJECTED AT 288.5 MILLION GOURDES (US \$57.7 MILLION) COMPARED TO 189.7 (US \$37.94 MILLION) IN PREVIOUS YEAR, AN INCREASE OF 52 PERCENT. FOREIGN CONTRIBUTIONS ARE ESTIMATED AT 200.1 MILLION GOURDES, AN INCREASE OF 70.35 PERCENT FROM LAST YEAR'S ESTIMATE OF 117.4 MILLION. NATIONAL CONTRIBUTION TO DEVELOPMENT BUDGET IS ESTIMATED AT 87.8 MILLION, AN INCREASE OF 22.3 PERCENT FROM PREVIOUS YEAR'S PROPOSED 72.3 MILLION GOURDES. MESSAGE NOTED A REDUCTION OF INVESTMENT IN POWER SECTOR AND INCREASED INVESTMENTS IN INFRASTRUCTURE, INDUSTRY, AGRICULTURE, AND SOCIAL SECTORS. ONLY FIRM STATISTIC PROVIDED WAS FOR TRANSPORT AND COMMUNICATIONS SECTOR, WHICH IS TO RECEIVE 109.8 MILLION GOURDES OR 38 PERCENT OF TOTAL DEVELOPMENT BUDGET.

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